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SUBJECT: Guangdong Overseas Chinese Businessmen's Association Stands  
United -- "Front" That Is

(U) This document is sensitive but unclassified. Please protect accordingly.

¶1. (SBU) Summary: In a conversation with the Consul General on July 26, the new head of the Guangdong Overseas Chinese Businessmen's Association, Zhou Zerong, said that the provincial government, with central government backing, had decided that the new organization was necessary to link together four other disparate, municipal-level groups dedicated to assisting overseas Chinese. The implication, despite Zhou's comments to the contrary, is that the group's formation has more political meaning than economic -- that it is part of the party's United Front strategy. Zhou himself, the very well-connected head of the Kingold real estate group here and one of China's wealthiest individuals, said the (current) 386-member Association would also have a working level office that provided assistance in terms of helping overseas Chinese access the local market and deal with challenges. End summary.

The role of the Association and Government supports  
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¶2. (U) Prior to the founding of this provincial-level Association, Zhou said, there were similar municipal-level groups in Guangzhou, Shenzhen, Zhongshan and Jiangmen (all Pearl River Delta cities). These associations served as a bridge between overseas Chinese investors and local governments, protecting members' rights, filing complaints, participating in local social charity events, and "conveying" Government messages to members. The new provincial Association, which is supervised by the Guangdong Government's Overseas Chinese Council, includes members of the municipal associations as well as representatives from enterprises throughout Guangdong. Zhou added, in response to the Consul General's question, that Taiwan enterprises can also join the Association.

¶3. (U) The founding meeting clearly had political implications, with participation by Ren Qiliang, Deputy Director General of the State Council's Overseas Chinese Council; Chen Shaoji, Chairman of the Guangdong CPPCC, Huang Longyun, Guangdong CPC Standing Committee Member and Executive Vice Governor; and Zhou Zhenhong, Guangdong CPC Standing Committee Member and Director General of the United Front Department.

¶4. (SBU) The Association also includes a number of honorary chairs, including Lu Ruihua, former Guangdong Governor and now Vice Chairman of the NPC Overseas Chinese Committee; Zhang Guoying, former Guangdong Congress Chair and also a Vice Chairman of the NPC Overseas Chinese Committee; Guo Rongchang, former Chairman of the Guangdong CPPCC and now Vice Chairman of the Hong Kong, Macao, Taiwan and Overseas Chinese Committee; and a host of other officials in the Guangdong Department of Foreign Trade and Economic Cooperation.

¶5. (SBU) Zhou -- who spent four years in Australia in the 1980s and

was ranked by Forbes as China's fourteenth richest person for his dealings in real estate, media and restaurants -- said the formation of the Association was the brainchild of the Guangdong provincial leaders and he was told it might be a good idea if she served as Chairman. One of his seven Vice Chairmen is Zhang Yan, the chairwoman of Nine Dragons Paper Company, of whom Forbes wrote that she was richer than Oprah, an appellation that she likes.

Bio note on Zhou Zerong

16. (SBU) The 53-year-old Zhou was born in Chaozhou in eastern Guangdong. Zhou went to Hong Kong in the 1970s and attended university there. In the 1980s, in Australia, he built his first fortune by selling minerals, seafood, frozen food and fruits to China. Zhou, who holds an Australian passport and whose wife and two children live in Sydney, is well connected to local government officials. In addition to his new role with the Overseas Chinese Businessmen Association, he also chairs two other similar chambers. He was invited by Beijing to become the Chairman of China International Chamber of Commerce for Overseas Chinese Enterprises, but declined, citing the press of business. Zhou is thought to have used his considerable connections to take over "New Express," a major daily newspaper in Guangdong founded by Yangcheng Evening News Group; the latter affiliated with the Guangdong Provincial CPC. Zhou reportedly paid tens of millions of RMB for the paper, an unusual transaction given government sensitivity to media control in China. Although both Kingold and the Yangcheng Evening News Group co-operate the Express, it is in reality controlled by Zhou's empire out of the Kingold building.

Comment

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17. (SBU) The founding of the Association likely will not lead to an upgrade in more high-end and environmentally- friendly foreign investment in Guangdong. Most overseas Chinese invested projects continue to be labor-intensive or polluting ones; according to Zhou, such investments are, in fact, not/not actively discouraged as we thought, but just don't get the favorable conditions provided to technology and market-leading firms. It strikes us that the Association is essentially a creature of the CPC's United Front program and the code phrase -- promoting a "harmonious society" -- likely tells all one needs to know about its activities. End

Goldberg